

C 482

B-201

BUDGET REPORT ON BILLS

Session Year 2004

SENATE:
No.

Introduced by:
Rules

ASSEMBLY:
No. 11817

Laws: Military; Urban Development Corporation
Act of 1968

Sections: Military - Sec. 180,
Urban Development Corporation Act of
1968 - Sec. 1

Division of the Budget recommendation on the above bill:

Approve: _____ Veto: _____ No Objection: X No Recommendation: _____

1. Subject and Purpose:

This Governor's Program bill facilitates the restoration, preservation and non-military operation of the Seventh Regiment Armory in Manhattan by a not-for-profit entity by leasing the facility long-term, with the lease being overseen on behalf of the State by the Urban Development Corporation.

2. Summary of Provisions:

Effective immediately, this bill establishes a process to transfer responsibility for the Seventh Regiment Armory from the Division of Military and Naval Affairs (DMNA), through the Urban Development Corporation (UDC), to a not-for-profit entity.

The Legislative findings and purpose section:

- Declares the importance of the Seventh Regiment Armory for civic, historic, and military purposes;
- Acknowledges the need for significant resources to preserve, restore and maintain the building infrastructure and physical plant; and
- Recognizes the Seventh Regiment Armory Conservancy as the not-for-profit entity chosen following a request for proposals in 2000 to partner with the State to restore the Armory.

A new section 180-a of Military Law is established, which:

- Stipulates that the State is the holder of the property lease from the City of New York for the land upon which the Armory is situated;
- Declares the State has ownership of the building through DMNA, and clarifies ownership of all the property contained within;
- Outlines the terms of the lease for the facility to be entered into between the UDC and the not-for-profit entity;
- Permits a management agreement for the management of the Armory;

- Stipulates that 2,100 square feet or less will be dedicated to full-time military use by DMNA, and allows for full military use of the Armory in the event of civil or military emergency ;
- Continues the use by the City of New York of a portion of the Armory as a homeless shelter; and
- Notwithstanding various portions of Military Law pertaining to State armories as they apply to the Seventh Regiment Armory.

The new section 1 is added to the Urban Development Corporation Act of 1968:

- Authorizes the UDC to act on behalf of DMNA and enter into leases and/or management agreements concerning the Armory;
- Stipulates that the lessee will restore the Seventh Regiment Armory;
- Requires DMNA and the City of New York to pay an annual common maintenance fee to the lessee for their respective portions of the Armory; and
- Mandates that the lessee apply all revenue generated by the operation of the Armory to the repair, operations, and maintenance of the facility.

3. Legislative History:

This is a new bill.

4. Arguments in Support:

The Division of Military and Naval Affairs' mission to train National Guard soldiers can be effectively met in the New York metropolitan area without the use of the Seventh Regiment Armory. The costs of restoring and maintaining the Armory are prohibitive and can not currently be met by the State. Nonetheless, the Armory remains a valuable historic, civic and military resource for both the State and the City of New York and this bill will ensure that it is restored and preserved.

5. Arguments in Opposition:

It could be argued that it is not appropriate to adopt legislation that results in the loss of revenues for the State. However, the State is not in a position to finance the capital projects necessary for the preservation and restoration of this Armory. This bill provides a mechanism to insure this historic facility will not further deteriorate and become lost to future generations.

6. Other State Agencies Interested:

The Division of Military and Naval Affairs and the Empire State Development Corporation have no objections to this legislation.

7. Other Interested Groups: The City of New York and the Seventh Regiment Armory Conservancy are expected to support this bill.

8. Budget Implications:

Currently, the Division of Military and Naval Affairs (DMNA) collects \$1.8 million annually from the short-term rental of the drill hall and other areas of the Armory for antiques shows, fashion shows and other events. Approximately \$1.3 million of these proceeds are used to support

armory operations across the State (primarily utility expenses). The Governor's 2004-05 Executive Budget proposed replacing the loss of rental proceeds from the Seventh Regiment Armory with State resources. However, the Legislature's Enacted Budget did not include these funds.

9. Recommendation:

Although this bill will result in the loss of revenue that currently offsets statewide armory expenses, restoring the Seventh Regiment Armory will provide long-term civic, historic and military benefits for the State, outweighing the short-term impacts on the State's Financial Plan. The Division of the Budget, therefore, has no objection to this legislation.

Date: September 3, 2004

Examiner: Mary Pat Donnelly

Section Head: Gerard Minot-Scheuermann